

TIPSS-3

PRICING CONSIDERATIONS

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Critical Elements of the Solicitation

- Section B.2 through B.6 is where you identify your proposed prices
- Section L.16 identifies instructions regarding the preparation of the Cost/Price Proposal
- Section M.7 states how the Cost/Price Proposal will be evaluated
- Attachment J.6 provides the labor categories and labor hours that you must use to derive your total evaluated cost.

Schedule B—The CPFF CLINS

- Total Est'd Cost is based on the following:
Est'd Hours X Labor Rate Before Fee
 - Estimated hours from J.6
 - Proposed Labor Rate Before Fee
 - Typically this will be the base labor rate, overhead rate, fringe benefit rate, and general and administrative rate.
 - Identify the individual burden factors, their base of application, and your respective escalation rate
 - Recommend a spreadsheet format so that the method of computation for each labor rate as well as the extended labor cost is clear.

Schedule B—The CPFF CLINS

- Additional Data to Support Your Proposed Labor Rates and Labor Cost:
 - Are the rates that are proposed part of a forward pricing rate agreement (FPRA) with the Defense Contract Audit Agency (DCAA)? If they are, I recommend that you identify in your proposal your cognizant DCAA branch and phone number.
 - If your rates are not part of a FPRA, what is the basis of your estimate? For your indirect rates, identify the individual expenses that constitute each of the indirect rate pools and the basis of allocation.

Schedule B—The CPFF CLINS

- Status of Business Systems (e.g., accounting system, estimating system, purchasing system, etc.)
- Are you able to segregate and track your costs on a task order basis?

Schedule B—The CPFF CLINS

- **FIXED FEE**
 - Identify fixed fee dollar amounts
 - Identify fixed fee rate as a percentage

Schedule B—Time & Material (T&M) CLINS

- Total Evaluated Price for the T&M portion is based on the following:

Est'd Hours X Fully Loaded Labor Rates

- Estimated hours from J.6
- Proposed Labor Rates Must Be Fully Loaded Including Fee
- Recommend a spreadsheet format so that the method of computation for the extended labor cost is clear.
- Identify your proposed “Handling Charge” for materials represented as a percentage.

“The Total Rollup”

- In addition to computing the individual labor costs and total, the solicitation requires that you provide a grand total summary sheet that provides the total price for the base plus all options for the entire effort.
- A separate total cost summary of the CPFF portion is recommended.
- A separate total cost summary of the T&M portion is recommended.

Proposal Evaluation

- The computed totals represent an **Evaluation Cost**, it does not purport to be an estimate of the quantity of work you will receive, nor does it in anyway bind the Government.
- The Government will be required to determine whether the proposed evaluation cost is reasonable and realistic.
- Burden of proof is on the offeror.
- Cost analysis is required where a cost reimbursement contract type is contemplated.
- The Government may require the submission of other than cost and pricing data in addition to what is already required.

Financial Capability

- FAR 9.103 requires an affirmative determination prior to award
- Adequate financial resources to perform the contract or the ability to obtain the resources.
- Profitability, short term solvency, debt utilization, etc.
- The Government may use information provided through Dun and Bradstreet as part of its financial capability review, so you may want to review the information that you've submitted to Dun and Bradstreet to ensure that it is accurate and current.
- L.16.3 identifies the data that you must provide